



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

GENERAL COUNSEL

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February 22, 1999

The Honorable John M. McHugh
Chairman, Subcommittee on the Postal Service
Committee on Government Reform
and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This letter responds to your request for the Administration's views on the Postal Modernization Act of 1997 (H.R. 22 in the 105th Congress) and, in particular, the provision of the bill (section 502) that would allow the United States Postal Service (USPS) to contract for the carriage of international mail.

To provide you with the most up-to-date information on the Administration's position, I have enclosed a provision (section 707) from the Department of Transportation's February 8, 1999, Federal Aviation Administration Authorization that addresses the issue of international mail rate-setting authority. Section 707 provides for termination, as of October 1, 2000, of the Department's international mail-rate-setting authority. Assuming enactment in this session, this provision would allow the USPS and U.S. carriers a sufficient period of time to negotiate a new basis for the carriage of international mail.

The Department looks forward to working with the Committee on this important postal issue.

The Office of Management and Budget advises that, from the standpoint of the Administration, there is no objection to the submission of this report for the consideration of Congress.

Sincerely,

Nancy E. McFadden

SEC. 707. REPEAL OF MAIL RATE-SETTING AUTHORITY.

(a) Effective December 31, 1998, section 4(k) of the Act of July 5, 1994 (Public Law 103-272, 108 Stat. 1370), as amended by section 7(a)(3)(D) of the Act of October 31, 1994 (Public Law 103-429, 108 Stat. 4329), is repealed.

(b) Section 41901(a) is amended to read as follows:

“(a) TITLE 39--The United States Postal Service may provide for the transportation of mail by aircraft in air transportation under this chapter and under chapter 54 of title 39.”.

(c) In section 41902(b)--

(1) strike clause (1);

(2) redesignate clauses (2), (3), and (4) as clauses (1), (2), and (3), respectively; and

(3) in clause (2), as redesignated, strike “clauses (1) and (2)” and substitute “clause (1)”.

(d) Section 41907(b) is repealed.

(e) Sections 41107, 41901(b), 41902(a), 41903(a), and 41903(b) are amended by striking “in foreign air transportation or”.

(e) Effective date.--The amendments made by subsections (b)-(e) of this section take effect October 1, 2000.